

[Return to the USPTO NPL Page](#) | [Help](#)[Basic](#)[Advanced](#)[Topics](#)[Publications](#)[My Research](#)

0 marked items

Interface language:

English

Databases selected: Multiple databases...

**Document View**[« Back to Results](#)< Previous Document 13 of 47 Next >[Publisher Information](#)[Print](#)[Email](#) [Mark Document](#) [Abstract](#),  [Full Text](#),  [Text+Graphics](#),  [Page Image - PDF](#)**INTERNET  
WORLD****The supply chain, simplified via the Web***Bill Roberts.* [Internet World](#). Cleveland: Oct 15, 1999. Vol.5, Iss. 31; pg. 57, 2 pgs[» Jump to full text](#) [» Translate document into:](#) [Select language](#) ▾[» More Like This](#) - Find similar documentsSubjects: [Case studies](#), [Electronics industry](#), [Supply chains](#), [World Wide Web](#), [Systems design](#)Locations: [United States](#), [US](#)Companies: [Lexmark International Inc](#)Product Names: [Digital Market Digital Buyer](#)Author(s): [Bill Roberts](#)

Document types: Feature

Publication title: [Internet World](#). Cleveland: Oct 15, 1999. Vol. 5, Iss. 31; pg. 57, 2 pgs

Source type: Periodical

ISSN/ISBN: 10978291

ProQuest document ID: 45664440

Text Word Count 952

Document URL: [http://proquest.umi.com/pqdweb?  
did=45664440&sid=1&Fmt=4&clientId=19649&RQT=309&VName=PQD](http://proquest.umi.com/pqdweb?did=45664440&sid=1&Fmt=4&clientId=19649&RQT=309&VName=PQD)**Abstract (Document Summary)**

Lexmark International Inc. uses Digital Market Inc.'s Digital Buyer to move the request for quote (RFQ) process to the Internet. For now, Lexmark Electronics is using Digital Buyer with 40 suppliers around the world to request and receive bills of material quotes for its plant in Lexington, Kentucky. Each RFQ is posted to an extranet site, which sends an e-mail to appropriate suppliers. Suppliers can download the file and format it any way they want it, then enter the quote and upload back to the extranet site.

**Full Text (952 words)***Copyright Penton Media, Inc. Oct 15, 1999*

MANUFACTURERS SEEKING PRICE quotes for components and other direct materials for their new products must rely on mail, phone calls, and faxes to and from a phalanx of suppliers. The request for quote (RFQ) process involves reams of paperwork and hours or days spent inputting information. It is rife with errors, lost time, and missed savings opportunities.

Now, several electronics manufacturers have found the key to solving this logistical nightmare: They have moved the RFQ process to the Internet using software from Digital Market Inc. to automate sourcing. The companies expect to see lower overall costs and faster times to market for new products.

In the electronics industry, a single product may require hundreds of individual parts that together may account for as much as 80 percent of the product's total cost. Sourcing is thus the optimum point in the supply-chain management system to influence expenses.

In the past year, several electronics manufacturers have adopted Digital Market's Digital Buyer software. One of them is ①Lexmark International Inc., a \$3 billion company that makes printers and related products for its own brand and under contract for others. ①Lexmark executives say they hope eventually to have a state-of-the-art, Internet-based end-to-end supply-chain management system. They have begun the transformation with Lexmark Electronics, a division that makes components such as electronic printed circuit boards for other divisions and under contract for outside customers.

The RFQ process for Lexmark Electronics falls early in the design cycle, often months before manufacturing begins, and often in support of the division's bid for contract work. A swifter, more accurate RFQ process means the divisions buyers can analyze supplier bids in record time. For now, the division is using Digital Buyer with 40 suppliers around the world to request and receive bills of material quotes for its plant in Lexington, Ky. Eventually, Lexmark Electronics will use the Web-based application with a total of 150 suppliers that represent 80 percent of its purchases. The division will also use the system to automate RFQ for its plant in the Czech Republic, says Eric Schwarz, corporate purchasing manager. If those efforts go well, Schwarz says, the parent company might adopt Digital Buyer at its four other plants.

The diagram illustrates the transition from the OLD WAY to the NEW WAY of Lexmark's sourcing process. It features a grid of five columns labeled DAY 1, DAY 2, DAY 3, DAY 4, and DAY 5. The first three columns represent the OLD WAY, while the last two represent the NEW WAY. The OLD WAY columns show a sequential flow where information moves from one column to the next. The NEW WAY columns show a direct, simultaneous connection between the first three days and the last two days, indicating a faster and more efficient process. Below the grid, the text 'OLD WAY' is above the first three columns, and 'NEW WAY' is above the last two columns.

Lexmark's Sourcing Schedule				
DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
<b>OLD WAY</b>				
Request quote from supplier 1	Wait for response	Request quote from supplier 2	Wait for response	Request quote from supplier 3
Wait for response	Request quote from supplier 4	Wait for response	Request quote from supplier 5	Wait for response
Wait for response				
<b>NEW WAY</b>				
Request quote from supplier 1	Request quote from supplier 2	Request quote from supplier 3	Request quote from supplier 4	Request quote from supplier 5
Wait for response				

①Lexmark's Sourcing Schedule

Enlarge 200%  
Enlarge 400%

Here's how the new system works: Schwarz issues an average of four RFQs per week. Each RFQ contains a bill of materials listing 100 to 200 distinct parts that have universal catalog numbers. Typically, two or three suppliers are capable of making each part, which means one RFQ can yield some 300 to 400 responses.

Using Digital Buyer, Schwarz posts each RFQ to an extranet site, which sends an e-mail to appropriate suppliers. Suppliers hotlink from the e-mail to the extranet site, type in a user name and password, and see only the items on the bill of materials that correspond to their products. Suppliers can download the file and format it any way they want-as an Excel spreadsheet, for example-then enter the quote and upload back to the extranet site. ①Lexmark can then download the quote directly into its own Excel spreadsheets. "We see pricing come in that we don't have to touch," says Schwarz. Another benefit: When Schwarz enters a new RFQ, the system will tell him if he's recently received quotes for any of the parts involved and display those quotes.

The supplier side benefits, too. "All you have to have is a browser and an ISP provider," says Matt Kelsch, vice president of Carlson Electronic Sales Associates Inc. Carlson represents various component manufacturers, including ②Toshiba Semiconductor, and uses Digital Buyer with several original equipment manufacturers (OEMs), soon to include ①Lexmark.

When an OEM launches Digital Buyer, Kelsch says, he simply goes to the extranet site and registers to do business by providing basic information about his company and its product lines. On average, Kelsch says, the system cuts his response time to RFQs from four days to one.

Tim Minahan, an analyst with the ③Aberdeen Group, says Digital Buyer is the only software available for Internet-based direct materials sourcing. The model for the software is Digital Exchange, a Web site Digital Market launched in 1996 where electronics component distributors and procurement organizations can sell and buy parts for a

transaction fee. Larger manufacturers told Digital Market they would prefer to run their own sites. That led to the development of Digital Buyer, which is available either as an enterprise software application or on a rental and outsource basis with Digital Market as host. A typical pilot installation runs around \$250,000, including integration, training, and services, the company says.

Electronics manufacturers currently are the only users of Digital Buyer, but company executives say they may eventually offer the software to other client categories. Minahan says auto, aerospace, and industrial equipment manufacturers also face complicated sourcing problems and would benefit from automating direct materials sourcing on the Internet.

A study by a group of *iStanford University* graduate business students under the direction of Prof Hau Lee looked at the benefits of Digital Buyer to *iSolectron Corp.*, an electronics contract manufacturer. The study found that the software slashed *iSolectron's* time spent sending and receiving RFQs from ten days to turnaround times that range from four hours to two days.

Schwarz reports similar success. The system has cut the turnaround time on RFQs from five business days to two or three, he says, and has saved Lexmark Electronics from hiring at least one other staff person. Schwarz estimates that overall savings could range from roughly half a million to a million dollars a year in decreased costs and increased revenue-the increases resulting from more accurate bidding on contract work. "Fundamentally, being able to interact with suppliers over the Internet just makes sense," he says.

#### More Like This - Find similar documents

Subjects:  Case studies  Electronics industry  Supply chains  World Wide Web  Systems design

Locations:  United States  US

Companies:  Lexmark International Inc

Author(s):  Bill Roberts

Document types:  Feature

Language:  English

Publication title:  Internet World

**Search**

**Clear**

---

[^ Back to Top](#)

[« Back to Results](#)

[< Previous Document 13 of 47 Next >](#)

[Publisher Information](#)



[Mark Document](#)

[Abstract](#) , [Full Text](#) , [Text+Graphics](#) , [Page Image - PDF](#)

Copyright © 2006 ProQuest Information and Learning Company. All rights reserved. [Terms and Conditions](#)

[Text-only interface](#)

